Objectives of new Industrial Policy

2324. SHRI KAMAL MORARKA. Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that the two objectives of new Industrial Policy have been (i) attracting of foreign investment and (ii) restructuring of sick public sector units;

(b) if so, the action taken by Government to achieve these objectives; and

(c) the progress made so far in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPARTMENT OF INDUSTRIAL DEVELOPMENT) (SHRIMATI KRISHNA SAHI): (a) As per para 17 of the Statement on Industrial Policy tabled in Parliament on July 24, 1991, the major objectives of the new Industrial Policy package are "to build on the gains already made, correct the distortions or weaknesses that may have crept in, maintain a sustained growth in productivity and gainful employment and attain international competitiveness".

(b) and (c) A statement is enclosed.

Statement

In pursuance of the objectives of the new Industrial Policy various measures have been initiated which, inter alia, include:—

(i) Restriction on compulsory licensing limited to 18 industries based on safety and environmental grounds, social considerations, health hazards and strategic and defence related production;

(ii) For delicensed industries entrepreneurs are merely required to file a Memorandum with the Secretariat for Industrial Approvals in the Department of Industrial Development;

(iii) The number of industries reserved for the public sector have been reduced from 17 to 8 and even in the restricted list, private investments will be considered selectively. Disinvestment of Government holdings in selected public enterprises has already begun;

(iv) To attract investment in high priority industries direct investment up to 51 per cent foreign equity is freely permitted. Foreign investors are also permitted to invest in the equity of the small scale sector, up to 24 per cent of the total share holdings;

(v) Automatic clearance is provided for foreign technology agreements within specified parameters with payments to be met through foreign exchange purchased at market rates of exchange;

(vi) To protect the interests of workers likely to be affected by rehabilitation peckages for sick units the National Renewal Fund has been constituted.

The progress made so far in this regard is as follows:

(i) Since the announcement of new Industrial Policy and upto June 30, 1992, the Secretarial for Industiral Approvals has approved 6446 proposals of which the Industrial Entrepreneurs Memoranda were 5763. During the corresponding period in the previous year a total of 3828 proposals were approved.

(ii) In respect of foreign collaborations 519 proposals have been approved since the announcement of the new policy, envisaging direct foreign investment of Rs. 1888.79 crore. This is against 147 foreign collaborations involving foreign direct investment of Rs. 163.26 crore approved in the corresponding period of the previous year.

(iii) With the amendment to the Sick Industrial Companies Act (SICA), sick public sector units can now be referred to the Board for Industrial and Financial Reconstruction (BIFR) for formulation of suitable revival/rehabilitation packages. 33 public sector units have already been so referred.